Corporate Merger. The most obvious way to build a global network is to buy airlines in various countries, and merge them into a single corporate entity. Some precedent exists for such multinational airlines. SAS is owned by government and private interests in Denmark, Norway and Sweden.[101] Air Afrique services 12 countries in Western Africa. While a few other examples can be found, all involve pooling the traffic generating ability of small countries within a close geographic region. Some attempt has been made by airlines to purchase airlines of other countries. SAS, for example, bid for British Caledonian as well as Aerolineas Argentinas, but was unsuccessful in both attempts.

From an operational point of view, outright merger is the most desirable form of consolidation. It allows full advantage to be taken of fleet and crew utilization possibilities, amasses purchasing and borrowing power, allows the adoption of a single consumer identity, etc. International mergers, however, meet with many political obstacles. For example, Canada and the United States have laws limiting foreign ownership of their respective carriers to 25%.[102] For many countries, national identity is tied to the existence of a "flag" carrier. Many high skill managerial and technical jobs are linked to the city with the corporate headquarters. A merger could transfer such jobs from one country to another. For these and similar reasons, it is hard to envision outright mergers taking place, at least at present. Would the French (or any other) government allow Air France to disappear by being swallowed up by AMR Corp,[103] Lufthansa, or Japan Air Lines? While global merger may be attractive from the airline managers' point of view, it seems to be an idea whose time has not yet come.

[101] Each country also has its own domestic carrier.

[102] The U.S. is reviewing this policy. See "DOT Rules to Review Foreign Investment for Airlines," *Journal of Commerce*, 19 November 1990, p. 5B.

[103] AMR Corp. is the parent of American Airlines.